

Agenda

UAC INSURANCE MUTUAL ANNUAL MEMBERSHIP MEETING

November 9, 1994, 3:00-6:00

St. George Holiday Inn

AGENDA TOPICS

3:00 PM

Call To Order

Gary Herbert

Review and Approval of April 1994 Minutes

Gary Herbert

Board Adopted Policy Statements

Policy on Special Districts

Insurance Department Audit Report

1995 Premium Contributions

Loss Prevention Report

David Nelson

a. Selling Safety/Loss Prevention

b. County Recognition

c. Loss Prevention/Safety Manual

Election of the 1995 Board of Directors

Gary Herbert

6:00 PM

Adjournment, Dinner with Partner

UACIM BOARD OF DIRECTORS:

Gary Herbert, *President*, Utah County Commissioner
Gerald Hess, *Vice President*, Davis County Deputy Attorney
Dixie Thompson, *Secretary*, Emery County Commissioner
Dennis Ewing, *Comptroller*, Tooele County Clerk

Max Adams, *Member*, Uintah County Commissioner
Kenneth Brown, *Member*, Rich County Commissioner
Sid Groll, *Member*, Cache County Sheriff
Ty Lewis, *Member*, San Juan County Commissioner
Gary Sullivan, *Member*, Beaver County Commissioner



UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

UAC INSURANCE MUTUAL MINUTES, ANNUAL MEMBERSHIP MEETING

November 9, 1994, 3:00 p.m.
St. George Holiday Inn

Board Members Present:

Gary Herbert, *President*, Utah County Commissioner
Gerald Hess, *Vice President*, Davis County Deputy Attorney
Dennis Ewing, *Comptroller*, Tooele County Clerk
Max Adams, Uintah County Commissioner
Sid Groll, Cache County Sheriff
Gary Sullivan, Beaver County Commissioner

Board Members Absent:

Ken Brown, Rich County Commissioner
Ty Lewis, San Juan County Commissioner
Dixie Thompson, *Secretary*, Emery County Commissioner

Members Present:

Jay Alder, Sanpete County Auditor
Gayle Aldred, Washington County Commissioner
Lee Allen, Box Elder County Commissioner
Rick Bailey, San Juan County Administrative Assistant
David Bateman, Utah County Sheriff
Sherry Bond, Wasatch County Clerk-Auditor
Glenn Caldwell, Tooele County Auditor
Curtis Dastrup, Duchesne County Commissioner
Bruce Funk, Emery County Clerk
Robert Gardner, Iron County Commissioner
Pat Greenwood, Juab County Clerk-Auditor
Allen Jensen, Box Elder County Commissioner
Karla Johnson, Kane County Clerk-Auditor
Louise Liston, Garfield County Commissioner
Ike Lunt, Juab County Commissioner
Camille Moore, Garfield County Deputy Clerk-Auditor
Carol R. Page, Davis County Commissioner
John Rausch, Box Elder County Purchasing Agent
Sarah Ann Skanchy, Cache County Councilwoman
Gayle Stevenson, Davis County Commissioner
Kent Sundberg, Utah County Deputy Attorney
Steven Wall, Sevier County Clerk-Auditor

Others Present:

Brent Gardner, UACIM Administrator
Sonya White, UACIM Administrative Assistant
David Nelson, UACIM Loss Prevention Manager
Jess Hurtado, UACIM Broker
Keri Chappell, UACIM Broker
Doug Alexander, UACIM Claims Administrator
Dean Bachman, UACIM Claims Services Representative
Harry Bowes, UACIM Consultant

CALL TO ORDER

The President of the Utah Association of Counties Insurance Mutual (UACIM), Gary Herbert, Utah County Commissioner, welcomed all those in attendance and called the Annual Membership Meeting to order. To begin, Gary requested all those in attendance to state their name county and title.

REVIEW AND APPROVAL OF APRIL 1994 MINUTES

The minutes from the April 1994 Membership Meeting, held in conjunction with the UAC Management Conference, was reviewed. A motion was made to approve the minutes as written. The motion was seconded and carried.

BOARD ADOPTED POLICY STATEMENTS

Gary began by explaining that the Board of Directors meet each month to address problems and/or concerns that members may and are having, to review the monthly financial statements of the UACIM, to discuss claims, policies, etc. Each of the Board Members takes their job very seriously spending approximately four to five hours each meeting in review of the UACIM.

Each member in attendance received a copy of the UACIM Board Adopted Policy Statements. Gary read aloud and explained each policy statement with the membership and requested any discussion, questions or concerns. The policy statements were reviewed in the following order:

1. Board Attendance
2. Board Member Responsibility
3. Conflict of Interest
4. County-Owned Vehicles Repaired Before Reporting the Loss
5. Eminent Domain and/or Inverse Condemnation
6. Insurance Coverage for Special Service Districts and Other Entities
7. Investments
8. Late Premium Payments
9. Liability Insurance-Methods for Purchase or Renewal
10. Recommended Personnel Advice
11. Special Events Requirements

Gary stressed the importance of all information received from UACIM should be reviewed by those designated as the county Insurance Coordinator and Loss Prevention Team along with all the officials and department heads.

POLICY ON SPECIAL DISTRICTS

This agenda item was previously discussed during the reading of the Policy Statements, *Insurance Coverage for Special Service Districts and Other Entities*. The membership had no specific questions or concerns at this time.

INSURANCE DEPARTMENT EXAMINATION REPORT

Brent Gardner explained that approximately two months ago the UACIM was notified that the Insurance Department would be working in the UAC offices the next day to conduct an examination. The examiner for the Insurance Department met with Brent the next day and explained that a full scope examination of the operation of the UACIM would take place. Policies, procedures, financial records, claim records, claim histories, etc., were examined. Approximately 30 days later a draft examination report was issued. The examiner met with the Board of Directors on two occasions, first to greet the Board and explain the intentions of the Insurance Department and secondly to review the draft report. The report was satisfactory. There were a couple of policies that were formalized by the UACIM Board of Directors in response to the draft report. An issue regarding UACIM provided coverages is in the process of being clarified with the Insurance Department along with terms of investments. Finally, the Board of Directors requested wording changes to the draft report regarding the surplus requirements. In writing, the UACIM has notified the Insurance Department of concerns involving the report and have requested a hearing. The Insurance Department has scheduled an informal hearing for November 21.

1995 PREMIUM CONTRIBUTIONS

Gary explained that the member counties formed the UACIM to receive benefits that were not available through the standard insurance industry. Some of those benefits being the control of costs—insurance premiums were dramatically increasing in the standard industry, along with better education and loss control for county officials and employees. The UACIM Board of Directors made those commitments along with no premium increase until the data and ability to look at the loss ratios and histories of the UACIM. A loss sensitive premium is the intent—those counties with a higher loss ratio will pay a higher premium than those counties with a low loss ratio, with the hope of managing losses. In 1994 the Board of Directors appointed a committee to review loss data for 1992 and 1993 to determine a fair and proper formula for the 1994 premium contribution. After extensive study and review, the committee recommended to the Board that the two year loss data was not sufficient to determine any loss trends, therefore, felt that an increase for inflation was appropriate for 1994.

For determining the 1995 premiums, the Board of Directors completed an in-depth study and with the assistance the UACIM's Brokerage firm, Aon Insurance Management Services, put together and adopted a formula to address the different loss ratios throughout the membership. A significant amount of time was spent going over actuarial statistics, loss data, etc., and the Board of Directors believe they have developed a fair premium contribution formula. In managing losses and keeping costs down, the following counties will not have an increase for 1995: Beaver, Duchesne, Kane, Millard, Piute, Rich, Sevier and Wayne Counties. Awards will be presented at the UAC closing dinner to the lowest loss ratio counties per class as of 1993.

Jess Hurtado explained how the loss ratios have been determined. UACIM must adjust their claims experience as to the impact on the loss fund. With overhead transparencies, Jess showed the premium breakdown for each member county as of 1994 and where the money has gone. The total premium contribution for 1994 was \$2.4 million of which \$780,000 went into the loss fund to pay claims (prior to impacting the excess insurance coverage). Almost three years total loss experience is available to determine what the impact will be on the loss fund and how each county has affected the loss fund. The actuaries have determined that a 100% loss ratio is appropriate for the size of UACIM. Today, the total UACIM loss ratio to the loss fund is approximately 191%. Rather than collecting all the money at once to lower the loss ratio to 100%, the Board of Directors has opted to tier this offset over the next couple of years.

With the assistance of David Nelson, the member counties need to do a better job in loss control. Getting the word out to all county officials and employees that this is a county owned program, this is your money and they need to start managing it. The projected losses for UACIM are \$1.4 million, which is why UACIM purchases aggregate insurance over the loss fund. If UACIM is not funding enough to meet the aggregate then that gap may cause problems down the road. The Board of Directors reviewed several different options, provided by the actuaries, as how to fund the loss fund. Finally, this method for an increase to the fund, based on the loss percentage by county, was adopted. This formula will bring the loss fund for 1995 up to \$1,124,000, which if things continue as they are, would bring the UACIM loss ratio down to 132%.

Since joining the UACIM the counties are receiving monthly reports showing exactly what the county's insurance costs are, what the losses are and where they are trending. The adjusted contributions this year will increase the total premium to \$2.6 million, the percentage of increase to premium is capped at 18% across the board. This calculation is loss driven, the counties are pooling their expenses. If you treat the UACIM as a standard industry company then you will not realize the many benefits received from pooling. Jess asked for questions, there were none.

Gary continued by explaining the horrendous losses the UACIM has had in the area of auto physical damage which is damage to the counties own vehicles. Auto physical damage was not covered by most of the county's prior carriers before joining the UACIM. These losses were paid out of the county's budget. Jess added that nine out of ten of the counties were self-insured on auto physical damage before joining the UACIM. In the industry this is called a hidden cost, something that is in your budget by department but no one really knows what it costs and no one is really tracking it. The UACIM provided auto physical damage to the counties with a \$500 deductible. In tracking this, the 1992 auto physical damage losses cost \$75,963. In 1993 the auto physical damage losses escalated to \$185,397 and as of September 1994, the losses are at \$317,893. This is an issue that must be taken back to the counties for management and control.

LOSS PREVENTION REPORT

David Nelson began his report by expressing his enjoyment in visiting the counties and meeting with the officials and employees. The reception and cooperation he has received from the counties have been outstanding and impressive. The recommendations David gives to the counties have been well received, although some of the recommendations may be costly and/or time consuming for the counties. If recommendations cannot be corrected or completed within the county's budget year, let David know when arrangements are scheduled to complete the recommendations for documentation purposes.

David gave a presentation with slides involving risk management and the management of risks. A risk is an uncertainty, something you cannot control or prevent. That uncertainty is what UACIM wants to manage. By managing these risks, eventually we will see them controlled and reduced. This takes time, sometimes four or five years to get risks under control. Risk management techniques broadly can be categorized as 1) risk financing techniques and 2) risk control techniques. Risk financing such as purchasing commercial insurance to protect exposures but the county does not have much control of the rates or cancellation. Risk control techniques such as exposure avoidance. Exposures could be segregated or a written contractual transfer release made to minimize having a loss. The risk management process includes, identifying and analyzing loss exposures, examining the feasibility of alternative risk management techniques, implementing chosen techniques, monitoring and improving techniques by reviewing monthly loss summary reports, financial statements, maintenance records, audits and newsletters (which will show if problems are continuing), abiding by statutes and rules, and conducting self inspection reports

David reviewed loss ratio graphs per year by county (see attachment #1). The graphs displayed the total UACIM loss ratio for 1992, 1993 and up to June 30, 1994, with each county's loss ratio listed. UACIM is striving to keep the total loss ratio at 100%. Additional graphs displayed the three year loss ratio average, the incident rate per 1000 population (so that smaller counties can compare themselves with larger counties) and finally, 1994 incident severity by 1000 population. David requested that the membership use these graphs to analyze what can be done to improve their county's loss ratio. UACIM has asked the counties to develop a loss prevention committee, made up of representatives within the county, to look at losses. David reviewed a handout *Why Develop a Safety Incentive Program* (see attachment #2). The bottom line, safety efforts equal reduced loss costs equal reduced budgets equal reduced taxes.

David introduced the new Safety Manual provided by UACIM to the member counties. Each county may receive up to four manuals at no cost. If more manuals are needed the counties can contact Sonya White. Harry Bowes, David and Sonya worked to put this manual together to provided the counties with information such as safety speeches, accident investigations, loss prevention, management duties, safety inspections, ADA rules and regulations, etc. It is hoped that all this information will be used constructively to lower county losses and assist in maintaining a low loss ratio. To conclude, David invited the membership and announced that training will be held the next day in conjunction with the Statewide Association of Public Attorneys (SWAP) regarding the Family Medical Leave Act (FMLA) and the Fair Labor Standards Act (FLSA) along with wrongful termination and personnel discipline issues.

ELECTION OF THE 1995 BOARD OR DIRECTORS

The election process for the 1995 Board of Directors began, with no objection from the membership, directly following the **Board Adopted Policy Statements** review. Brent explained that the UACIM by-laws state that members of the Board of Directors will consist of a representative from each class of county and of those the third, fourth and fifth class Board Members are up for election this year. The other four Board members are at-large. The membership each received a ballot to cast their vote. Brent continued to explain that Max Adams should be crossed off the ballot for the third class county representative due to his unsuccessful campaign as Uintah County Commissioner, also nominated for fourth class representative was Sherry Bond of Wasatch County who was also unsuccessful in her campaign. Bruce Funk of Emery County was nominated after the ballots were printing, therefore the membership included his name on the ballots. With this explanation, the membership, by class of county, cast their individual vote for one county official or county employee nominated to represent their class of county. Following the first vote for the representative of the third, fourth and fifth class, those not elected were listed on the second ballot to exemplify an at-large position for the second vote.

100

100

While ballots were being counted the meeting continued. Following the **1995 Premium Contributions** agenda item, Gary gave the results of the first vote. Third class counties' representative is Sarah Ann Skanchy, Cache County Council Member. Fourth class counties' representative is retained by Ty Lewis, San Juan County Commissioner. Fifth class counties' representative is retained by Gary Sullivan, Beaver County Commissioner. Those representatives will serve for a two year term.

The second vote took place for three at-large representatives. Normally there would only be two, but the third is do to the unexpired term (one year) of Dixie Thompson, Secretary of UACIM, who is no longer a county official. Everyone is eligible to vote for the at-large representatives.

Following the **Loss Prevention Report** Gary announced those who were elected for at-large representatives. Louise Liston, Garfield County Commissioner, Dennis Ewing, Tooele County Clerk, and Gary Herbert, Utah County Commissioner. Gary explained that Louise Liston sits on the Board of the Utah Local Governments Trust (ULGT) wherein there may be a conflict of interest for her to sit on both Boards. Louise stood and thanked those in attendance for the vote but explained that she has sat on the Board of the ULGT for five years and is one of their executive officers. Louise felt she should continue on the ULGT Board and declined this representation. A third vote took place to fill the at-large representative unexpired term of Dixie Thompson. The result of this vote was a tie between Steven Wall, Sevier County Clerk-Auditor and Robert Gardner, Iron County Commissioner, therefore, a fourth vote was taken. Gary announced, after the fourth vote, that Robert Gardner will fill the unexpired term as Secretary of the UACIM. Gary welcomed the new Board of Directors and thanked them for their willingness to serve.

OTHER BUSINESS

Gary thanked Max Adams who has been a great asset to UACIM and to Uintah County and wished him luck in his new endeavors. Gary also thanked all the Board of Directors and UACIM staff for all their knowledge, assistance and time spent for the success of the UACIM. Gary expressed his firm belief in the UACIM, which bring the counties together on a common course, assists in management of the counties and ultimately he feels the UACIM will save the counties significant amounts of money. On behalf of the Board of Directors, Gary encourage continued participation. The Board of Directors meetings are open to the membership and the Board of Directors will gladly travel to the counties to meet with the elected officials and employees if there are concerns, problems or questions.

Harry expressed his enjoyment in working with the UACIM beginning in 1987, through inception, to date and thanked everyone for their trust in his knowledge and experience.

Those attending gave a round of applause to thank all those involved. Gary thanked the membership for their attendance and adjourned the meeting.

ATTENDANCE ROSTER

UAC INSURANCE MUTUAL ANNUAL MEMBERSHIP MEETING

NOVEMBER 9, 1994

NAME	COUNTY/TITLE	SIGNATURE
Adams, Max	Uintah County Commissioner	Max Adams
Alder, Jay	Sanpete County Auditor	Jay D. Alder
Aldred, Gayle	Washington County Commissioner	Gayle M. Aldred
Allen, Lee	Box Elder County Commissioner	Lee Allen
Alvey, Stanley	Wayne County Commissioner	
Ashman, Merlin	Sevier County Commissioner	
Bailey, Rick	San Juan County Administrative Assistant	Rick Bailey
Bateman, David	Utah County Sheriff	David Bateman
Bond, Sherry	Wasatch County Clerk-Auditor	Sherry Bond
Brinkerhoff, Bliss	Wayne County Commissioner	
Brinkerhoff, Leeon	Wayne County Sheriff	
Brown, Kenneth	Rich County Commissioner	
Christiansen, Kristine	Sanpete County Clerk	
Elton, Ron	Tooele County Attorney	
Ewing, Dennis	Tooele County Clerk	Dennis Ewing
Funk, Bruce	Emery County Clerk	Bruce Funk
Gardner, Robert	Iron County Commissioner	Robert Gardner
Greenwood, Pat	Juab County Clerk-Auditor	Pat Greenwood
Groll, Sid	Cache County Sheriff	Sid Groll
Herbert, Gary	Utah County Commissioner	Gary R. Herbert
Hess, Gerald	Davis County Deputy Attorney	Gerald Hess
Hogan, Leland	Tooele County Commissioner	
Isom, Margene	Davis County Clerk-Auditor	
Jensen, Allen	Box Elder County Commissioner	Allen Jensen
Johnson, Karla	Kane County Clerk-Auditor	Karla Johnson
Lemon, Lynn	Cache County Executive	
Lewis, Ty	San Juan County Commissioner	
Liston, Louise	Garfield County Commissioner	Louise Liston
Lunt, Ike	Juab County Commissioner	Ike Lunt
McKendrick, Donna	Tooele County Recorder	
Moore, Camille	Garfield County Deputy Clerk-Auditor	Camille Moore
Morrell, Meeks	Wayne County Commissioner	
Nyland, James	Grand County Sheriff	
Page, Carol R.	Davis County Commissioner	Carol R. Page
Phillips, Ed	Millard County Sheriff	
Rausch, John	Box Elder County Purchasing Agent	John Rausch
Rees, Sandra	Wayne County Clerk-Auditor	
Schoppmann, Ira	Iron County Sheriff	
Skanchy, Sarah Ann	Cache County Council Member	Sarah Ann Skanchy
Stevenson, Gayle	Davis County Commissioner	Gayle Stevenson
Sullivan, Gary	Beaver County Commissioner	Gary E. Sullivan
Sundberg, Kent	Utah County Deputy Attorney	Kent Sundberg
Thompson, Dixie	Emery County Commissioner	
Wall, Steven	Sevier County Clerk-Auditor	Steven Wall
White, James	Box Elder County Commissioner	
Young, Gordon	Juab County Commissioner	

AFTER DANCE ROSE

UAC INSURANCE MUTUAL ANNUAL MEMBERSHIP MEETING

NOVEMBER 9, 1994

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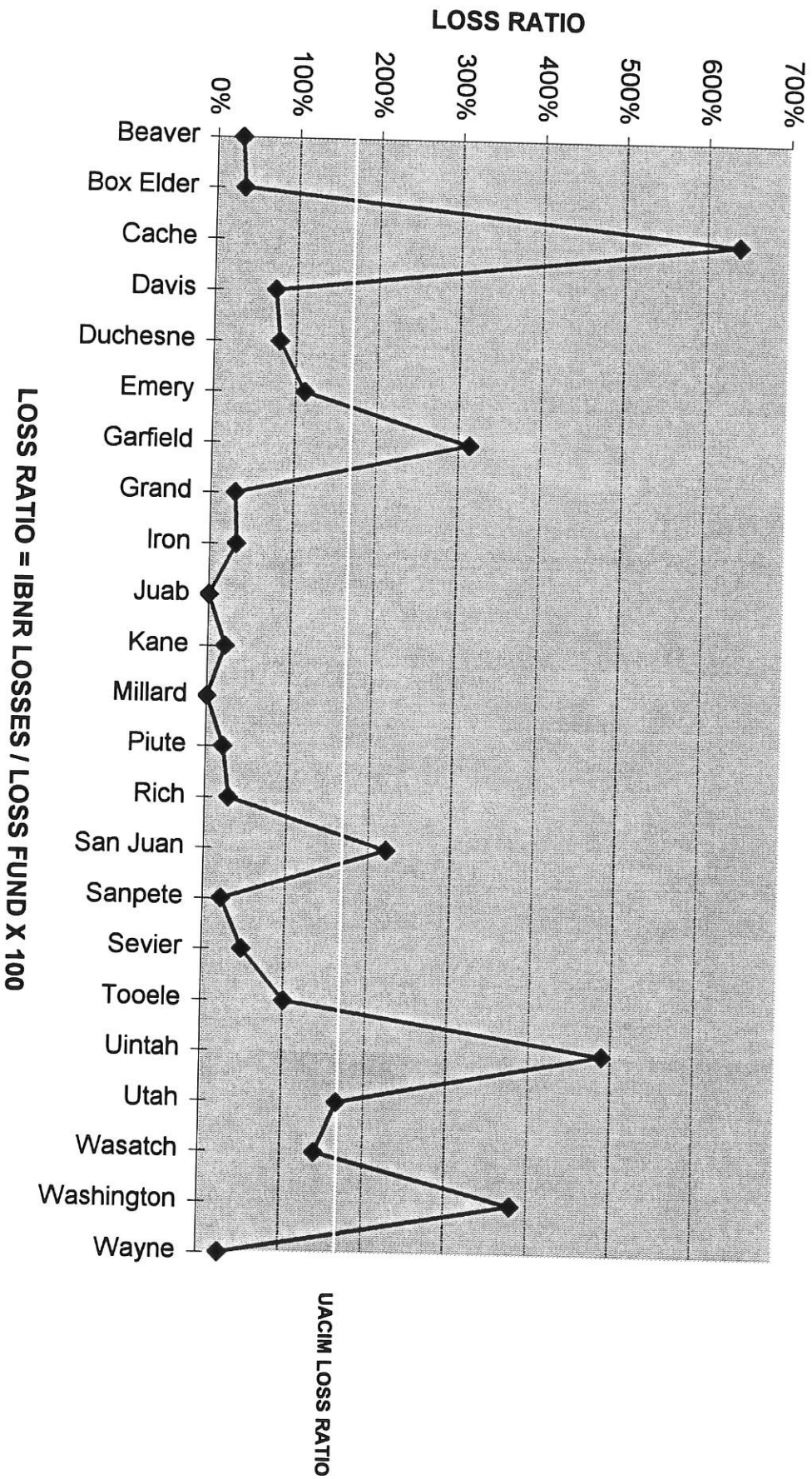
UAC INSURANCE MUTUAL

1995 PREMIUM CONTRIBUTIONS

- ★ Includes minimal 1.5% overall adjustment for inflation
- ★ Loss fund adjusted to loss experience
- ★ Importance of loss control and risk management for individual counties
- ★ Identification of exposure areas

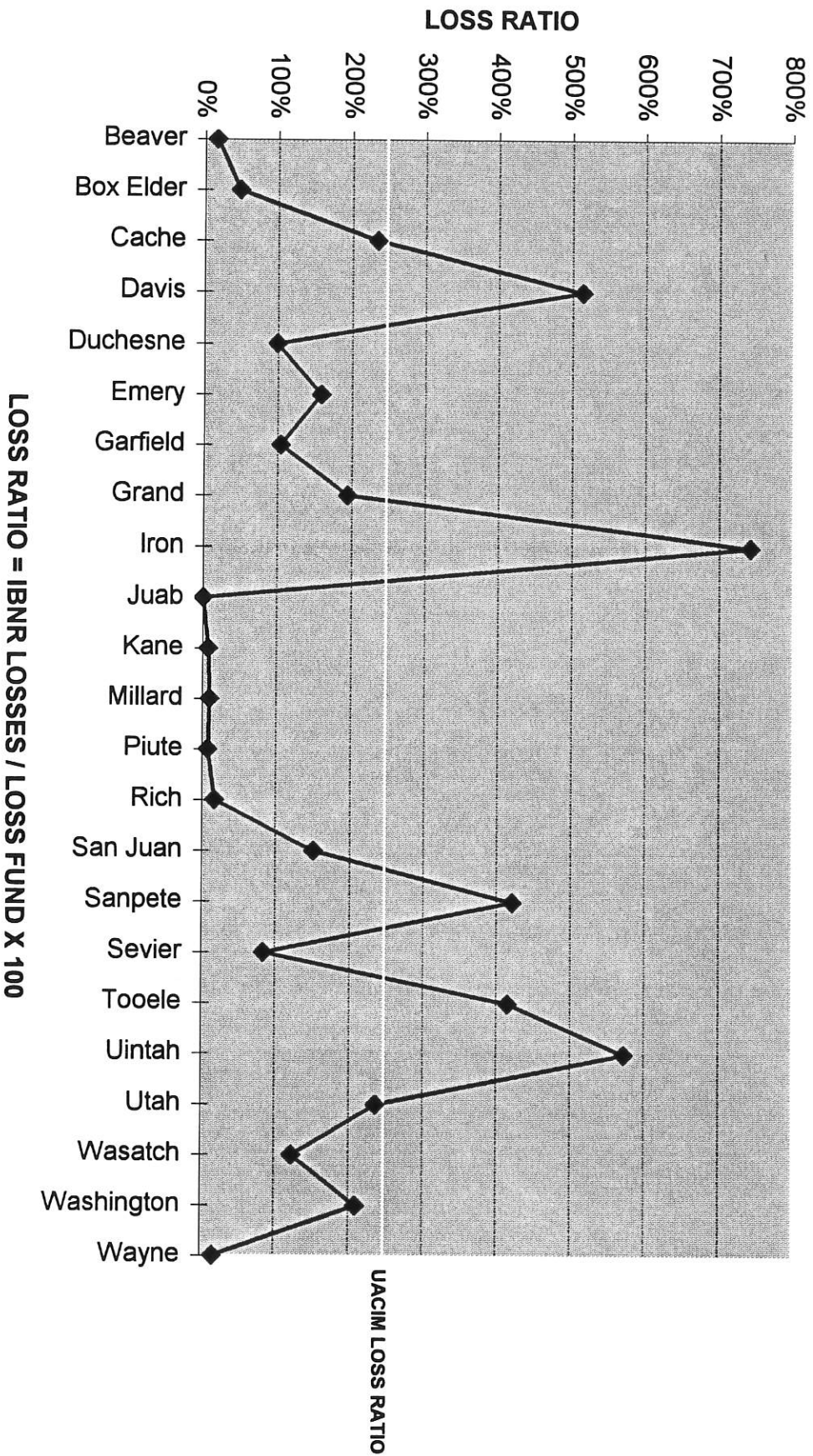
Loss Ratio 1992 Fund Year
As of 6/30/94

UAC INSURANCE MUTUAL



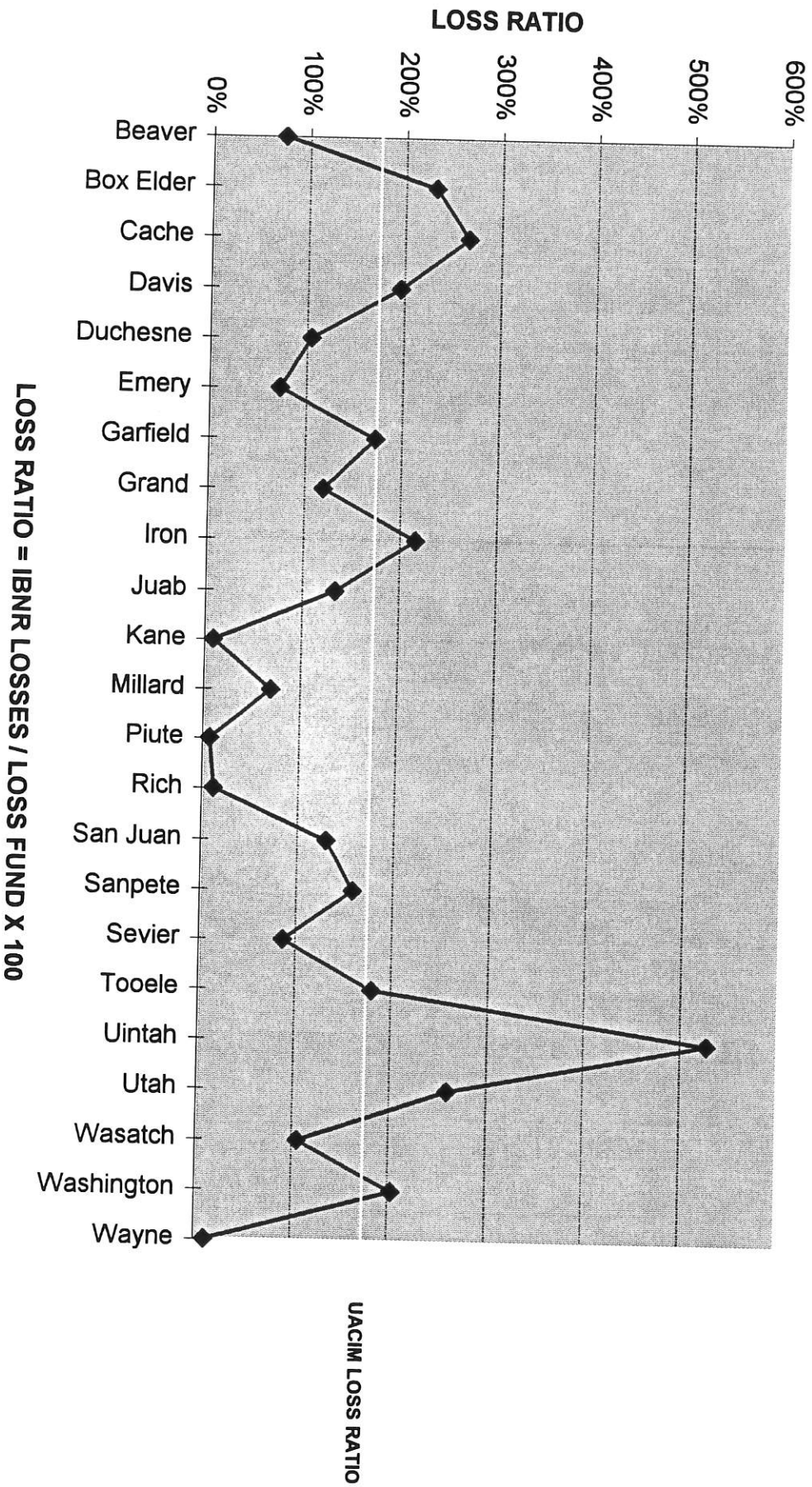
Loss Ratio 1993 Fund Year
As of 6/30/94

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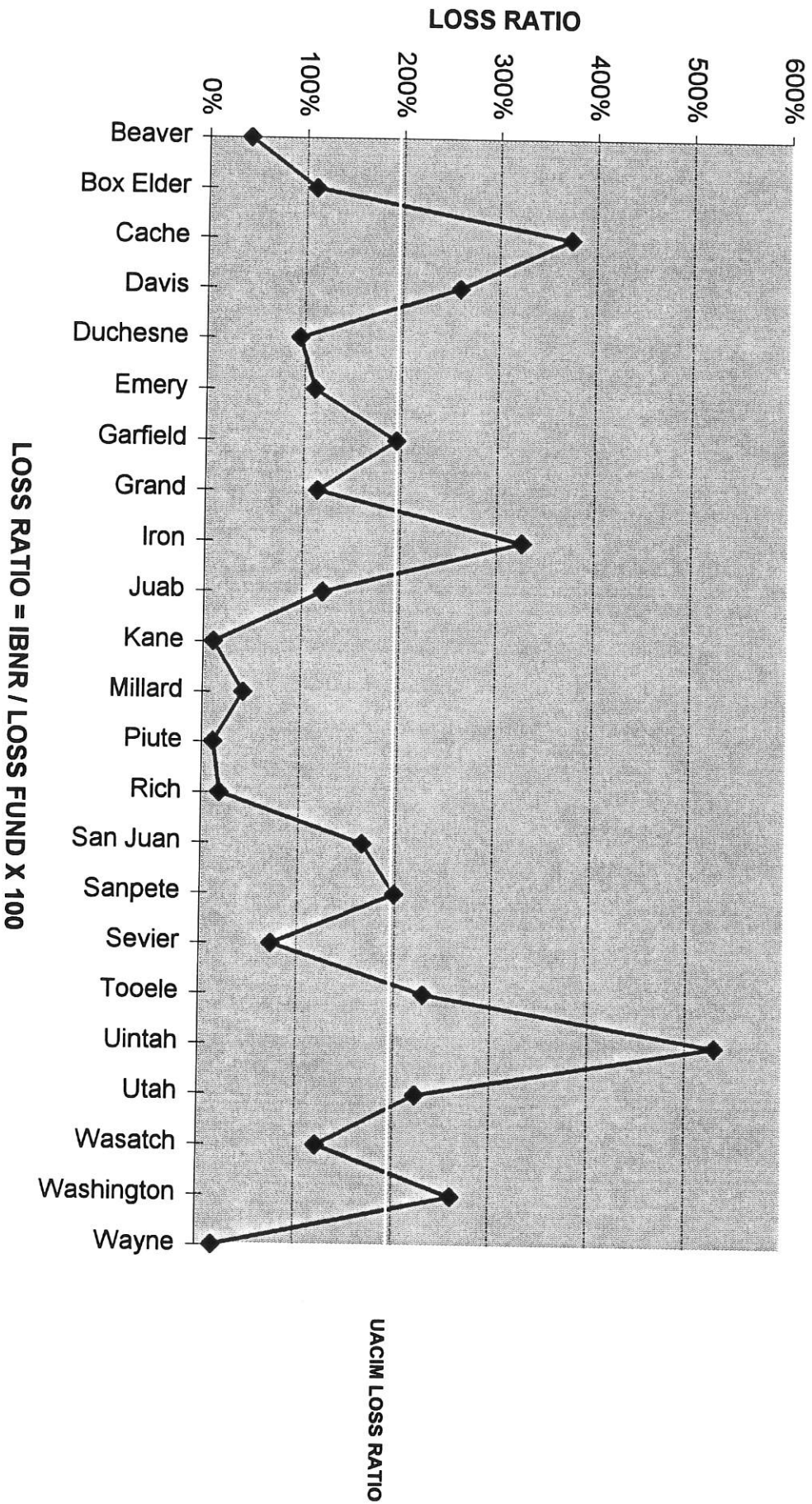
Loss Ratio 1994 Fund Year
As of 6/30/94

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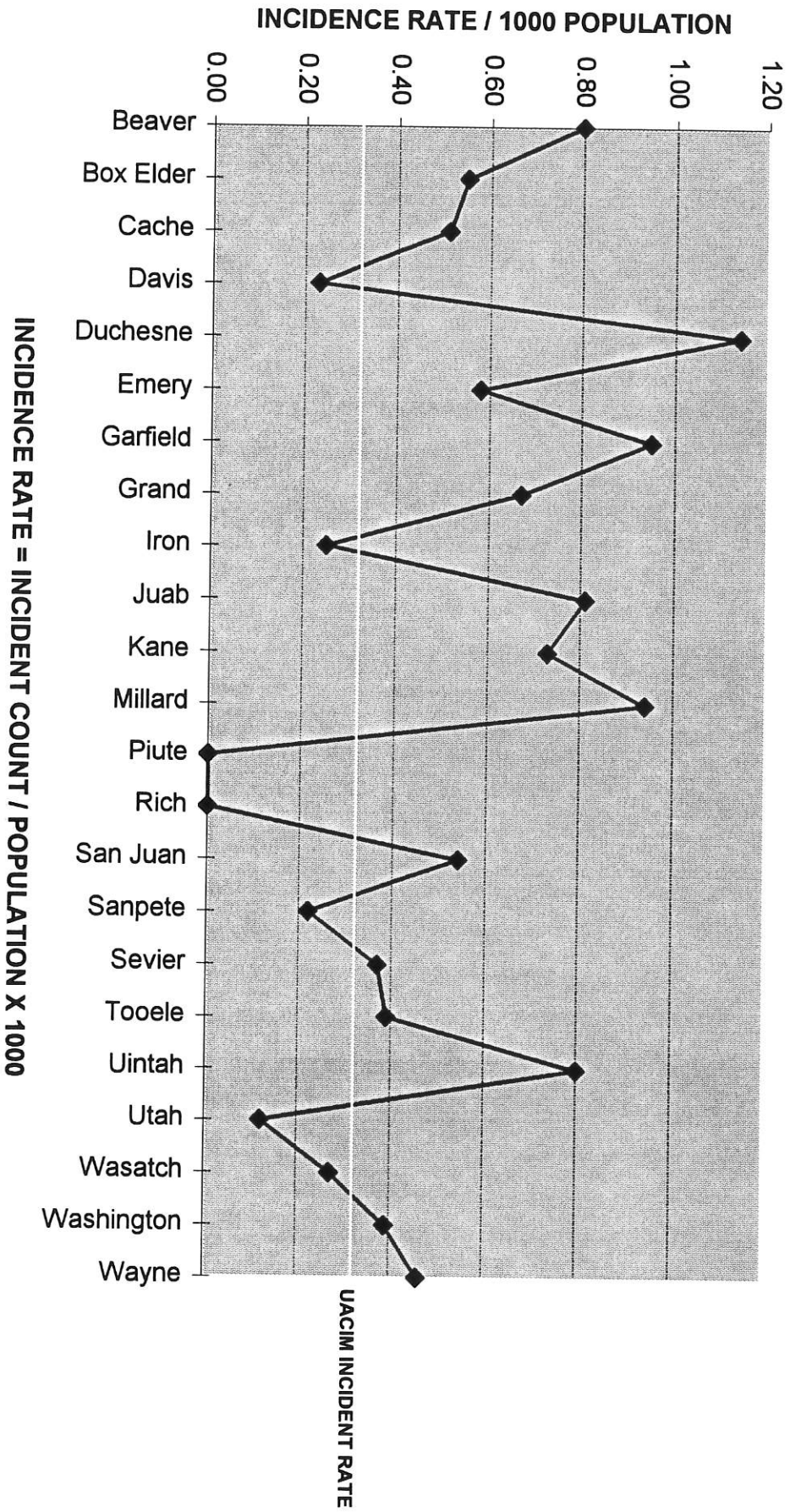
Loss Ratio Three Year Average
As of 6/30/94

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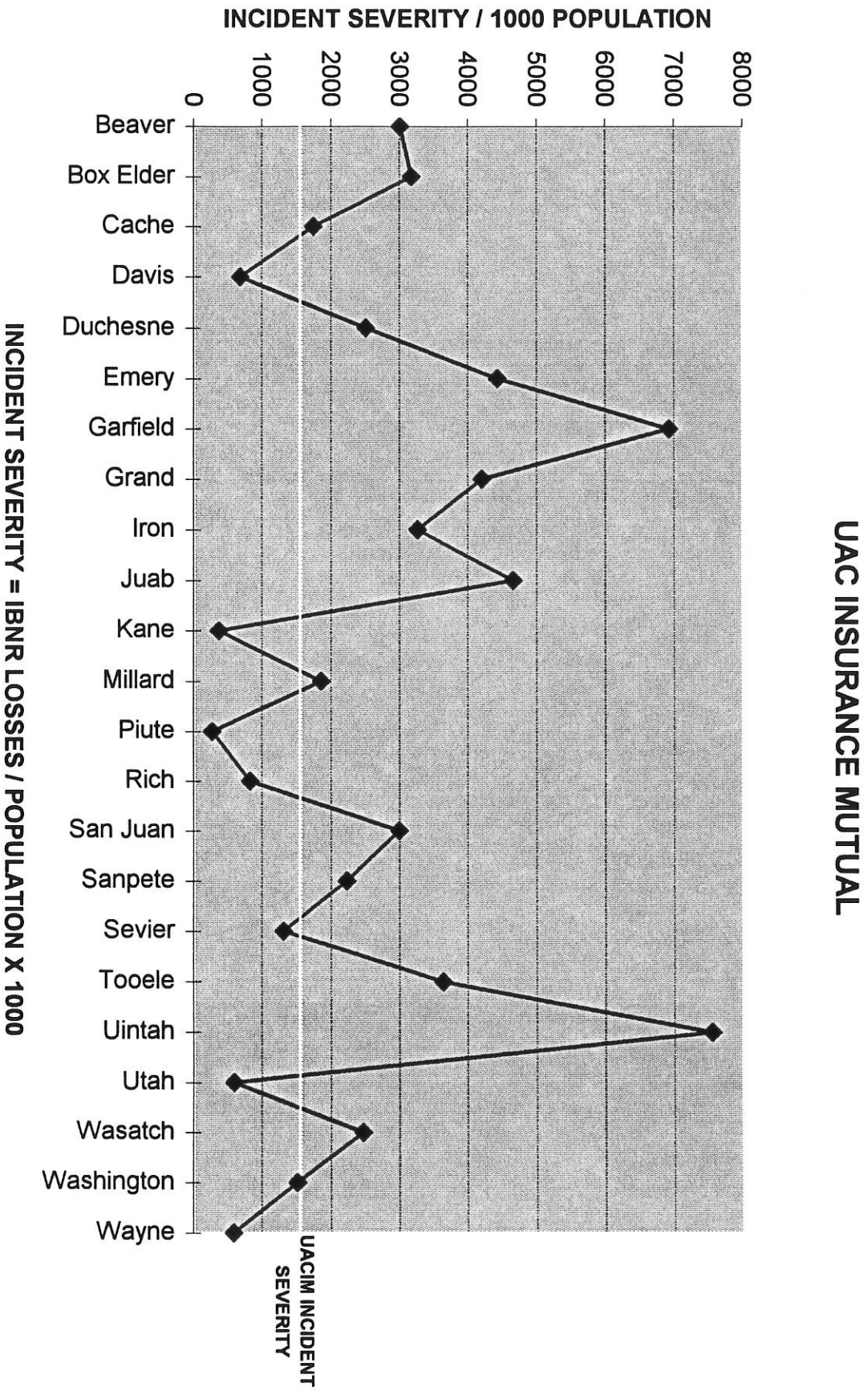


Incidence Rate 1994 Fund Year
As of 9/30/94

UAC INSURANCE MUTUAL



Incidence Severity 1994 Fund Year
As of 6/30/94



Why Develop a Safety Incentive Program **(Safety Recognition Culture)**

- * 95% of all accidents involve human error.**
- * Loss costs affect financial performance and productivity.**
- * SIPs help employees understand safety objectives and their role.**
- * SIPs creates accountabilities, responsibilities and opportunities.**
- * SIPs will emphasize behavior expectations.**
- * SIPs rewards positive behavior.**
- * Peer and superior recognition feels good.**
- * The power of respect and recognition is greater than the power of money.**
- * Recognition is 4 times more important & powerful than money.**
- * Recognition is not prohibited - incentives may be.**
- * SIPs will improve productivity.**
- * Catch people doing something right.**
- * People who feel good about themselves produce good results.**
- * You get what you measure.**
- * The benefit can far exceed the cost.**

Safety Efforts = Reduced Loss Costs = Reduced Budgets = Reduced Taxes.

SAFETY INCENTIVE PROGRAM DEVELOPMENT

Set Safety Objectives

- * Evaluate loss cost drivers (cause of loss and future exposures).
- * Consider frequency and severity.
- * Identify safe and unsafe departments.
- * Address most critical components.
- * Identify "quick hits".
- * Set smart safety objectives.
 - * Specific
 - * Measurable
 - * Ambitious
 - * Realistic
 - * Trackable
- * Identify Budget Savings vs. Costs.
- * Involve department managers or supervisors.
- * Form a Safety Council or Committee.

Develop A Safety Incentive Program

- * Safety Policy Statement.
- * Management Support.
- * Communication Strategy.
- * Measurement System.
- * Recognition/Reward/Award System.
- * Who is involved?
- * Recognition/Incentive Presentations.
- * Sincere Awards/Recognition.

Communicate Safety Objectives and Recognition Program

- * Explain the purpose and benefit of the Safety Policy Statement.
- * Management support of the objectives, incentives and benefits.
- * Help employees understand safety objectives.
- * Help employees understand their role.
- * Articulate specific behavior expectations.
- * Explain measurement, monitoring and award system.
- * Explain incentives and recognition.

EXAMPLE PROGRAMS - POINTS/STAMPS

- * Points/Stamps Awarded for Accident Free Periods
- * Two Points for Individual Achievement
- * One Bonus Points for Team Achievement
- * Points Can Be Accumulated Toward Catalog Prizes
- * Points Can Be Accumulated Toward Vacation/Time-off

EXAMPLE PROGRAMS - THE MUG, HANDSHAKE AND LUNCH

- * Recognize Accident-Free Work
- * Consider Exposure Categories
- * Top Management Interest
- * Awards Luncheon

INCENTIVES/PRIZES/AWARDS

- | | |
|-----------------------------|---------------------|
| * Day(s)/Time Off | * Gift Certificates |
| * Coffee Cups/Mugs | * Pens/Pencils |
| * Lunch with Manager | * Food |
| * Catalog Prizes | * Money |
| * Preferred Parking | * Savings Bonds |
| * Name in Paper/House Organ | * Pins/Stickers |
| * Baseball Caps | * Helicopter Rides |
| * Cars Washed by Manager | * Sporting Tickets |

MEASURES

- * Actual Lost Workdays
- * Number of Injuries
- * Workers' Compensation Costs
- * Experience Modifiers
- * Liability Costs
- * Number of Vehicle Accidents
- * Customer Complaints
- * Costs/Benefits
- * Subjective Reaction

OUTCOMES

Past

- * Loss Costs Above Average
- * Lost Productivity
- * Hazardous Conditions in Public Areas
- * Unsafe Actions of Employees
- * Unhappy Customers/Citizens/Employees

Present

- * Stronger Safety Program
- * Management Commitment
- * Results Monitored and Communicated
- * Recognition of Achievers
- * Extra Time to Work and Play
- * Reduced Pain, Suffering and Legal Liabilities

Future

- * Loss Costs Down
- * Productivity Up
- * Safe, Happy Customers/Employees
- * Directed and Motivated Workforce
- * Benefits Far Exceed Program Cost

